GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:119
ANSWERED ON:07.03.2002
MEGA POWER PROJECTS AS FINANCIALLY VIABLE
SUKDEO PASWAN

Will the Minister of POWER be pleased to state:

(a) whether the mega power projects have not been considered financially viable and the financial institutions are likely to be reluctant to back such projects;

(b) if so, the details thereof and the steps taken by the Government in this regard;

(c) whether this issue was discussed during the last meeting of the Group of Ministers of Power; and

(d) if so, the decision taken thereon?

Answer

THE MINISTER OF POWER (SHRI SURESH P. PRABHU)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 119 TO BE ANSWERED IN TH LOK SABHA ON 7.03.2002 REGARDING MEGA POWER PROJECTS AS FINANCIALLY VIABLE.

(a) : The Government of India formulated the revised mega powerpolicy in November, 1998 to develop mega power projects in both private and public sector for supplying power to more than one State. The main objective of the revised mega power policy is to set up large power projects at pithead, in coastal areas and in the hydro sector, to generate power at the lowest possible tariff by utilizing economies of scale, locational advantages and fiscal and other comforts provided by the Government of India. Therefore, Mega power projects are considered financially viable and technologically feasible. However, keeping in view the current trends of revenue realization and paying capacity of the State power utilities, the project promoters and financial Institutions are looking for an appropriate payment support mechanism.

(b) to (d) : The issue regarding payment support mechanism has been discussed by the Ministry of Power with the Ministry of Finance, the concerned Union Ministries/Departments of the Government of India andthe representatives of international financial institutions/Banks. Pursuant to these discussions, the Government is now examining a proposal for support to Power Trading Corporation. The proposal was discussed in a meeting of a Group of Ministers on October, 11, 2001. The Group of Ministers is yet to finalise its recommendations.